

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814
<http://www.dgs.ca.gov/opsc>



February 5, 2001

Mr. Bion M. Gregory
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814

Dear Mr. Gregory:

Please find enclosed the biennial report entitled "Lease-Purchase Program Costs Avoided Per Pupil by Use of Year-Round Education." Education Code Section 42263(d) (3) directs the State Allocation Board to calculate and report to the Legislature no later than December 1, 2000 on the statewide average costs avoided per pupil due to the use of year-round multi-track school systems. These figures were calculated by analyzing elementary, middle and high school construction costs separately using data from the 1998/1999 and 1999/2000 Fiscal Years. Factors utilized included the useful life of the facility, the average construction and land costs per pupil and the total interest cost to fully amortize bonds at 5.1719 percent.

If you have any questions or require any clarifications, please contact me at (916) 445-3377, or Audrey Edwards, Program Services Manager, at (916) 327-9249.

Sincerely,

LUISA M. PARK
Interim Executive Officer

LMP:AE:lj

Attachments

cc: See distribution list # 2
Luisa Park, Interim Executive Officer
State Allocation Board

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LEGISLATIVE REPORT LISTING

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Mr. Bion M. Gregory
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Sacramento, CA 95814
(1 original)

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196, E-24
Sacramento, CA 95814
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Mr. Gregory Palmer Schmidt
Secretary of the Senate
State Capitol, Room 3044, E-22
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COPY OF LEGISLATIVE COUNSEL'S LETTER TO EACH OF THE FOLLOWING:

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Office of the Governor
State Capitol, First Floor, E-15
Sacramento, CA 95814
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Attention: Indexing Division
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LEGISLATURE--REVISED 06/28/00

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Office of Fiscal Services
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REPORT TO THE LEGISLATURE
from the
STATE ALLOCATION BOARD

LEASE-PURCHASE PROGRAM COSTS AVOIDED
PER PUPIL USE OF YEAR-ROUND EDUCATION

STATE ALLOCATION BOARD MEMBERS

Mr. B. Timothy Gage	Director of Finance (Chair)
Mr. Barry D. Keene	Director of General Services
Ms. Delaine Eastin	Superintendent of Public Instruction
Ms. Dede Alpert	Senator, 39 th District
Mr. Jack O'Connell	Senator, 18 th District
Mr. Marco Antonio Firebaugh	Assembly Member, 50 th District
Mr. Darrell Steinberg	Assembly Member, 9 th District

Luisa M. Park
Interim Executive Officer

Prepared by:
Office of Public School Construction
Department of General Services
December 13, 2000

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 13, 2000

LEASE-PURCHASE PROGRAM COSTS AVOIDED
PER PUPIL BY USE OF MULTI-TRACK YEAR-ROUND EDUCATION

PURPOSE OF REPORT

To present per pupil savings in construction costs typically found by using year-round school programs and approve this report for presentation to the Legislature.

DISCUSSION

Education Code Section 42263(d) requires the State Allocation Board (SAB) to report to the Legislature, no later than December 1 of even years, the statewide savings per pupil in school construction costs. The average saving per pupil is the amount the state would have had to spend to house a pupil if that pupil was not attending a year-round school.

To provide the cost savings per pupil figure, the Office of Public School Construction (OPSC) used construction cost data collected only from the Lease-Purchase Program (LPP) during 1998-99 and 1999-2000 Fiscal Years as provided by law. By factoring in the useful life of a facility and amortizing bond cost over 30 years at an interest rate of 5.1719 percent, the OPSC is reporting the following cost savings per pupil from the LPP.

USEFUL LIFE OF A FACILITY	1998-99 & 1999-2000 COST SAVINGS PER PUPIL
20 Years	\$1,353
30 Years	\$902
40 Years	\$677

STAFF COMMENTS

The methodology used to determine the new cost savings figures is identical to that used in the reports presented to the SAB biennially since 1992. On these occasions, the SAB requested that the cost savings per pupil be presented to the Legislature reflecting the 20 year, 30 year and 40 year useful life of facility savings. The Legislature would make the determination of how to utilize this information.

RECOMMENDATION

Direct the OPSC to present this report to the Legislature on the average cost savings using the 20 year (\$1,353/pupil), 30 year (\$902/pupil) and 40 year (\$677/pupil) useful life figures.

This Item was approved by the State Allocation Board on December 13, 2000.